

92903-99-54

ID-018333

3-8-07 to 3-8-08

1010231764

FILED

MAY 23 2008

IN THE CIRCUIT COURT OF TENNESSEE
FOR THE THIRTIETH JUDICIAL DISTRICT AT MEMPHIS

CIRCUIT COURT CLERK
BY _____ D.C.

JIMMY T. BROWN and
LINDA BROWN,

Plaintiffs,

vs.

DOCKET NO.:

CT-002528-08

DIV. JX

MID-CENTURY INSURANCE
COMPANY

Defendant.

SAE GROUP

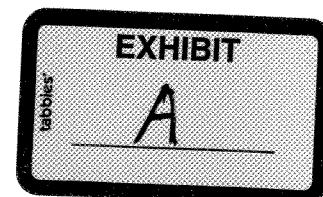
JUN 03 2008

COMPLAINT FOR BREACH OF CONTRACT

TO THE HONORABLE JUDGES OF THE CIRCUIT COURT OF TENNESSEE FOR
THE THIRTIETH JUDICIAL DISTRICT:

COME NOW the Plaintiffs, Jimmy T. Brown and Linda Brown (hereinafter
"Plaintiffs") and sue the Defendant, Mid-Century Insurance Company (hereinafter
"Defendant"), for damages and for cause of action would show and state to the Court as
follows:

1. The Plaintiffs are adult residents and citizens of DeSoto County, Mississippi. The Plaintiffs owned a house located on real property located at 1783 Nelson Avenue (the "Property") in Shelby County, Tennessee. Plaintiffs rented the Property to various tenants.
2. The Defendant is a foreign corporation that is authorized and doing business in the State of Tennessee. The Defendant has designated the Commissioner of Commerce and Insurance of the State of Tennessee, 500 James Robertson Parkway, Nashville, Tennessee 37243-1131, as its agent for service of process.



3. At all relevant times hereto, the Defendant was qualified and licensed in the State of Tennessee to write fire insurance coverage on buildings and other dwellings and/or homes located in the State of Tennessee.

4. On or about January 26, 2007, the Defendant renewed a homeowners insurance policy which included fire insurance coverage (the "Policy") on the Property located at 1783 Nelson Avenue, Memphis, Shelby County, Tennessee owned by the Plaintiffs. The policy period was March 8, 2007 to March 8, 2008. The Plaintiffs' Property was insured for \$153,000.00. Additionally, the Plaintiffs had personal property protection up to the amount of \$7,650.00. The Policy also covered "Loss of Rents" not to exceed 12 consecutive months from the date of loss. A copy of the Policy and all renewals are attached hereto as Collective Exhibit "A" and is incorporated herein by reference.

5. On or about May 28, 2007, the Property and its contents were destroyed by fire, which loss was covered by the Policy.

6. The Defendant received timely notice of the loss.

7. By letter dated October 12, 2007 from the Defendant to the Plaintiffs the Defendant denied the Plaintiffs' claim for insurance proceeds, claiming that the Policy did not cover the loss because the Property was vacant for more than thirty days preceding the loss and that the fire loss was the result of vandalism to the Property.

8. The Plaintiffs allege that the Defendant's refusal to pay the full value of their loss constitutes a breach in the terms and conditions of the Policy.

9. The Plaintiffs allege that the Property and contents within were totally destroyed by said fire and that they are entitled to compensation under the terms of the Policy.

10. Specifically, the Plaintiffs allege that they are entitled to proceeds, including, but not limited to, \$153,000.00 for damage to the Property, \$7,650.00 for loss of personal property, and \$9,600.00 for loss of rent.

11. The Plaintiffs allege that the Defendant's refusal to pay the full value of their loss is not in good faith, and that such refusal inflicted additional expense, loss, or injury upon the Plaintiffs that would justify the payment of an additional sum, not exceeding 25% on the difference between the amount by the Defendant and the Plaintiffs' loss, pursuant to the provisions of Tennessee Code Annotated §56-7-105, which provides as follows:

56-7-105. Additional liability upon insurers and bonding companies for bad-faith failure to pay promptly. - - (a) The insurance companies of this state, and foreign insurance companies and other persons or corporations doing an insurance or fidelity bonding business in this state, in all cases when a loss occurs and they refuse to pay the loss within sixty (60) days after a demand has been made by the holder of the policy or fidelity bond on which the loss occurred, shall be liable to pay the holder of the policy or fidelity bond, in addition to the loss and interest thereon, a sum not exceeding twenty-five percent (25%) on the liability for the loss; provided, that it is made to appear to the court or jury trying the case that the refusal to pay the loss was not in good faith, and that such failure to pay inflicted additional expense, loss, or injury upon the holder of the policy or fidelity bond; and provided further, that such additional liability, within the limit prescribed, shall, in the discretion of the court or jury trying the case, be measured by the additional expense, loss, and injury thus entailed.

12. A formal written demand was made to the Defendant for payment of the claim pursuant to T.C.A. §56-107-105(a) on March 20, 2008. A copy of this letter is attached hereto as Exhibit "B".

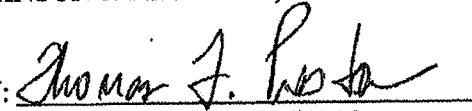
13. Plaintiffs allege that they have complied with all of the Policy provisions in every material way and have made the demand upon the Defendant to pay the full sum of their loss, which demand has been refused.

WHEREFORE, PREMISES COSIDERED, the Plaintiffs sue the Defendant for:

1. Damages in an amount sufficient to compensate Plaintiffs for the total loss of the Property, the loss of personal property therein, and the loss of rental income.
2. Additional expenses incurred as a result of the fire, and all other relief to which they may be entitled to pursuant to the Policy.
3. An additional sum pursuant to Tennessee Code Annotated §56-107-105.
4. For pre-judgment interest, reasonable attorney fees and the costs of this cause.
5. For all other damages as they may appear at the trial of this cause, with the Plaintiffs reserving the right to amend their pleadings to conform to the facts as they may develop.
6. For such other relief, both general and special, to which Plaintiff may be entitled.
7. That process issue and be served upon the Defendant, requiring it to answer this Complaint.
8. That this Honorable Court settle all matters concerning the rights and liabilities of the Defendant to the Plaintiff under the Policy at issue.

Respectfully submitted,

THOMASON, HENDRIX, HARVEY,
JOHNSON & MITCHELL, PLLC

BY: 
STEPHEN W. VESCOVO, #7246
THOMAS F. PRESTON, #10582
Attorneys for Plaintiffs
40 S. Main Street, Suite 29
Memphis, TN 38103
(901) 525-8721
(901) 525-6722 - fax



FARMERS®

Non-Assessable

2ND EDITION

**YOUR LANDLORDS PROTECTOR PACKAGE POLICY
TENNESSEE**

Farmers Insurance Group of Companies®
4680 Wilshire Boulevard, Los Angeles, California 90010

Dear Customer:

The member Companies and Exchanges of the Farmers Insurance Group of Companies would like to take this opportunity to say "Thank You" for your recent business.

Your needs for insurance protection are very important to us. We are committed to providing you with the best customer service at the lowest cost possible.

If you haven't already done so, please take a moment to review your policy to assure you understand the coverages. This is a very important document that you'll want to keep in a safe place.

If you have any questions regarding your policy or if you would like information about other coverages, feel free to contact me.

Again, thank you for choosing us for your insurance protection. We look forward to serving you.

Sincerely,

David B. Uthe

Your Farmers® Agent

(901) 767-8206

<http://www.farmersinsurance.com>



**THIS PAGE LEFT
INTENTIONALLY BLANK.**



FARMERS®

LANDLORDS PROTECTOR PACKAGE
MID-CENTURY INSURANCE COMPANY, LOS ANGELES, CALIFORNIA
 A Stock Company

DECLARATIONS
HOMEOWNERS
 Replaces all prior Declarations, if any

TRANSACTION TYPE: NEW BUSINESS

The Policy Period is effective (not prior to time applied for) at described residence premises.

POLICY NUMBER	FROM	TO	STANDARD TIME	POLICY EDITION
92903-99-54	03-08-2006	03-08-2007	12:00 NOON	02

ISSUING OFFICE:
 P.O. BOX 1527
 AURORA, IL 60507

This policy will continue for successive policy periods, if: (1) we elect to continue this insurance, and (2) if you pay the renewal premium for each successive policy period as required by our premiums, rules and forms then in effect.

INSURED'S NAME & MAILING ADDRESS:

LINDA BROWN

7671 NORTHRIDGE DR
 WALLS, MS
 38680-9762

LOCATION OR DESCRIPTION OF RESIDENCE PREMISES:
(Same as mailing address unless otherwise stated.)

1783 NELSON AVE
 MEMPHIS TN
 38114 -

DESCRIPTION OF PROPERTY

YEAR OF CONSTRUCTION	CONSTRUCTION TYPE	ROOF TYPE	NUMBER OF UNITS	OCCUPANCY
1915	FRAME	ASPHALT COMPOSITION	001	TENANT

COVERAGES - We provide insurance only for those coverages indicated by a specific limit or other notation.

SECTION I - PROPERTY				SECTION II - LIABILITY		ANNUAL PREMIUM
A - DWELLING OR MOBILE HOME	B - SEPARATE (OTHER) STRUCTURES	C - PERSONAL PROPERTY	D - LOSS OF RENT	E - BUSINESS LIABILITY	F - MEDICAL PAY TO OTHERS	
\$89,000	\$8,900	\$4,450	COV	\$100,000 Each Occurrence	\$1,000 Each Person	\$424.72

ENDORSEMENTS

ENDORSEMENT NUMBER	EDITION NUMBER	DESCRIPTION
E0045	1ED	ENDORSEMENT AMENDING NON - RENEWAL
E4042	1ED	ENDORSEMENT AMENDING SECTION II - EXCLUSION
E6022	1ED	AMENDING DEBRIS REMOVAL COVERAGE AND POLLUTION
E6074	1ED	AMENDING PERSONAL INJURY LANDLORD PROTECTOR
S6602	1ED	ENDORSEMENT DELETING PUNITIVE OR EXEMPLARY DAMAGES EXCLUS
H6205	1ED	AMENDING SECTION 1 LOSSES NOT INSURED - WATER DAMAGE
E6044	2ED	BUILDING ORDINANCE OR LAW COVERAGE ENDORSEMENT
J6195	2ED	TERRORISM INSURANCE COVERAGE

DISCOUNTS

--

DEDUCTIBLES

\$500	Deductible is applicable to covered losses under Coverage A, B, C.
-------	--

POLICY ACTIVITY

\$	Previous Balance	
424.72	Premium	
25.00	Fees	
449.72CR	Payments or Credits	
\$ NONE	Total	
INSURED PAYS		

ANY "TOTAL" BALANCE OR CREDIT \$7.00 OR LESS WILL BE APPLIED TO YOUR NEXT BILLING. BALANCES OVER \$7.00 ARE DUE UPON RECEIPT.

This Declarations page is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

AGENT: David B. Uthe

AGENT PHONE: (901) 767-8206

AGENT NUMBER: 66 19 366

Countersignature

Authorized Representative

Additional Premises Section II - Purpose of use is residential, unless stated otherwise.	Outboard Motor over 25 horsepower (Singly or Combined) - Section II MOTOR A: MOTOR B:
---	--

MESSAGES

ASK YOUR FARMERS AGENT ABOUT FLOOD INSURANCE.

INSURED PAYS PREMIUM.

IN THE EVENT OF A LOSS, AT ANY TIME, CALL US AT 1-800-HELPPPOINT (1-800-435-7764)

<p>MORTGAGEE OR OTHER INTEREST:</p> <p>MORTGAGEE'S BILLING ADDRESS:</p>	<p>ADDITIONAL MORTGAGEE OR OTHER INTEREST(S):</p>
--	---



FARMERS®

Landlords Protector Package

INDEX

Agreement	3
Definitions	3

SECTION I - PROPERTY

Coverages:	
Coverage A - Dwelling	4
Coverage B - Separate Structures	4
Coverage C - Landlords Personal Property	5
Coverage D - Loss of Rents	5
Additional Coverages	5

SECTION I - LOSSES INSURED

Coverage A - Dwelling	6
Coverage B - Separate Structures	6
Coverage C - Landlords Personal Property	6

SECTION I - LOSSES NOT INSURED

Applying to	
Coverages A and B - Dwelling and	
Separate Structures and	
Coverage C - Landlords Personal Property	7

SECTION I - CONDITIONS

Your Duties After Loss	9
------------------------------	---

SECTION II - LIABILITY

Coverages:	
Coverage E - Business Liability	11
Coverage F - Medical Payments to Others	11
Additional Coverages	11

SECTION II - EXCLUSIONS

Applying to Coverage E	12
Applying to Coverage F	12
Applying to Coverage E and F	12

SECTION II - CONDITIONS

Duties After Loss	13
-------------------------	----

GENERAL CONDITIONS

Applying to the Entire Policy	14
-------------------------------------	----

RECIPROCAL PROVISIONS	15
-----------------------------	----

This policy is a legal contract between you (the policyholder) and us (the Company).
IT CONTAINS CERTAIN EXCLUSIONS.

READ YOUR POLICY CAREFULLY.

**THIS PAGE LEFT
INTENTIONALLY BLANK.**



FARMERS®

AGREEMENT

We shall provide the insurance described in this policy. In return you will pay the premium and comply with all policy conditions.

DEFINITIONS

Throughout this policy, "you" and "your" mean the "named insured" shown in the Declarations. "We," "us" and "our" mean the Company named in the Declarations which provides this insurance. In addition, certain words appear in bold type. They are defined as follows:

1. **Actual Cash Value** means replacement cost of the property at time of loss less depreciation. In California, Actual Cash Value means fair market value at the time of loss.
2. **Aircraft** means any device used or designed for flight including self-propelled missiles and spacecraft, except model or hobby aircraft not used or designed to carry people or cargo.
3. **Annual aggregate limit** means the total amount we will pay for all **occurrences** which happen in each 12 month period, beginning with the inception date of this policy, regardless of the number of such **occurrences**.
4. **Bodily injury** means bodily harm, sickness or disease, including care, loss of services and death resulting from that injury.
5. **Business** means the rental or holding for rental of any one or two family dwelling by the **insured**. It also means any full or part-time trade, profession or occupation.
6. **Business property** means property pertaining to or intended for use in **business**. It does not mean **Landlords Personal Property**.
7. **Earthquake** means shaking or trembling of the earth, whether caused by volcanic activity, tectonic processes or any other cause.
8. **Earth Movement** means movement of earth, including, but not limited to the following:
 - a. **Earthquake**, landslide or mudflow, all whether combined with **water** or not.
 - b. Collapse, settling, cracking, shrinking, bulging, subsidence, erosion, sinking, rising, shifting, expanding, or contracting of earth, all whether combined with **water** or not.
 - c. Volcanic eruption, including explosion, lava flow and volcanic action.
9. **Insured** means:
 - a. The **person** or organization named in the Declarations.
 - b. You and your spouse if you are a sole proprietor.
 - c. Partners and member of a joint venture while acting for the partnership or joint venture within the scope of their duties.
 - d. Your officers, directors and stockholders while acting for the corporation within the scope of their duties.
 - e. Your employees while acting within the scope of their duties.
 - f. Any person or organization while acting as a real estate manager for you.
10. **Insured location** means:
 - a. The **residence premises**.
 - b. Any other one or two family dwelling acquired by you during the policy period if you notify us of your intent to insure it with us within 30 days of acquisition.
 - c. The one or two family dwelling, other structures and grounds shown in the Declarations and used by you as a private rental residence.
11. **Landlords Personal Property** means the property owned by the **insured** and usual to the occupancy or maintenance of the **residence premises**.
12. **Motor vehicle** means:
 - a. A motorized land vehicle, including a trailer, semi-trailer or motorized bicycle, designed for travel on public roads.
 - b. Any other motorized land vehicle designed for recreational use off public roads.
 - c. Any vehicle while being towed or carried on a vehicle described in 12a.

None of the following is a motor vehicle.

 - d. A motorized golf cart while used for golfing purposes.
 - e. A motorized land vehicle used only on an **insured location** and not subject to motor vehicle registration.
 - f. Any watercraft, camp, home or utility trailer not being towed or carried on a vehicle described in 12a.

13. **Nuclear hazard** - means nuclear reaction, radiation, radioactive contamination, or any result of these. This includes the negligent, defective, or improper design, construction or maintenance of a nuclear facility, or any other act or omission which results in a **nuclear hazard**.
14. Under Section II - Business Liability - **occurrence** means an accident including exposure to conditions which results during the policy period in **bodily injury** or **property damage**. Repeated or continuous exposure to the same general conditions is considered to be an **occurrence**. **Occurrence** also means an act or series of acts of the same or similar nature, resulting in **personal injury**.
Occurrence does not include accidents or events which take place during the policy period which do not result in **bodily injury** or **property damage** until after the policy period.
15. **Person or persons** means and includes you and any other individual, group, corporation, company, firm, association, partnership, trust, estate or governmental body, or any other legal entity.
16. **Personal Injury** means any injury arising from one or more of the following offenses:
 - a. False arrest, imprisonment, malicious prosecution and detention.
 - b. Wrongful eviction, wrongful entry or invasion of rights of privacy.
 - c. Libel, slander, defamation of character.
17. **Property Damage** means physical injury to or destruction of tangible property covered by this policy and resulting loss of use.
18. **Residence Premises** means the one or two family dwelling and separate structures or that part of any other building used as a private rental and is shown in the Declarations. Under Section II - Liability, **residence premises** includes the grounds on which the dwelling and separate structures are located.
19. **Water** means water (H₂O) alone, whether frozen or not or any liquid or sludge which contains water, whether or not combined with other chemicals or impurities.
20. **Water damage** means loss caused by, resulting from, contributed to or aggravated by any of the following, whether occurring on or away from the **residence premises**:
 - a. **Water** from rain or snow, surface water, flood, waves, tidal water, overflow or escape of a body of water, or spray from any of these, whether or not driven by wind;
 - b. **water** which backs up through sewers or drains.
 - c. **water** which escapes from any system designed to drain water away from the dwelling or **residence premises**, including but not limited to roof gutters, downspouts, sump-pumps, sump-pump wells, leach fields, seepage pits, septic tanks or drainage channels;
 - d. **water** below ground level whether occurring naturally or not, including **water** which exerts pressure on, or seeps or leaks through a building, sidewalk, driveway, wall, foundation, swimming pool or any portion of the **residence premises**.

SECTION I - PROPERTY

Coverages

Coverage A - Dwelling

We cover:

1. The dwelling, including attached structures used principally as a private rental residence.
2. Material and supplies on or adjacent to the **residence premises** for use in construction, alteration or repair of the dwelling or other structures on the **residence premises**.
Wall-to-wall carpeting attached to the dwelling is part of the dwelling.
We do not cover land or the value of land, including land on which the dwelling is located, or the cost to restore, replace, repair or rebuild land. If a covered loss causes damage to the dwelling and to the land on the **residence premises** we do not cover any increased cost to repair or rebuild the dwelling because of damage to the land.

Coverage B - Separate Structures

We cover other structures on the **residence premises** separated from the dwelling, or connected to the dwelling by only a fence, utility line, sidewalk, driveway, patio or similar connection.
Wall-to-wall carpeting attached to the structure is part of the structure.
We do not cover land or the value of land, including land on which the separate structure is located or the cost to restore, replace, repair or rebuild land. If a covered loss causes damage to a separate structure and to the land on the **residence premises**, we do not cover any increased cost to repair or rebuild the separate structure because of damage to the land.
We do not cover separate structures used in whole or in part for manufacturing, commercial or farming purposes.
We do cover separate structures used solely as a private garage and rented or held for rental to a non-tenant of the dwelling.



FARMERS®

Coverage C - Landlord's Personal Property

We cover personal property owned or used by an insured which is rented or held for rental with the residence premises. This coverage applies only while the personal property is on the residence premises or temporarily removed for repairs.

Property Not Covered

We do not cover:

1. Personal property insured elsewhere in this or any other policy.
2. Animals, birds or fish.
3. **Motor vehicles**, including their parts or accessories while in or on any motor vehicle, except those used solely for the service of the residence premises and not licensed for use on public highways.
4. Any sound equipment operated from the electrical system of any motor vehicle, motorized land conveyances, watercraft, camp or home trailers while such equipment is in, on, or installed in a motor vehicle, motorized land conveyance, watercraft, camp or home trailer. This equipment includes: citizen band radios, radio or cellular telephones, radio transceivers, radio transmitters, two-way mobile radios, scanning monitor receivers, radar detectors, car radio receivers, tape or disc players and recorders and any accessories or antennas, or any tapes, reels, cassettes, cartridges, carrying cases or other devices used with such sound equipment.
5. **Aircraft**, including their parts or equipment.
6. Property of roomers, boarders and other tenants, whether on or off the residence premises.
7. Property rented or held for rental to others off the residence premises unless temporarily removed for repairs.
8. **Business property**.

Coverage D - Loss Of Rents

1. *Loss of Rents*. If a covered property loss makes the residence premises rented to others or held for rental by you unfit to live in, we cover the Loss of Rents. We shall pay for the shortest time needed to make the rental fit to live in but not to exceed 12 consecutive months from the date of the loss.
The time period is not limited by expiration of the policy.
2. *Prohibited Use*. If a civil authority prohibits you from use of the residence premises because of direct damage to neighboring premises by a loss which would have been covered under SECTION I - PROPERTY if it occurred on the residence premises, we cover the resulting Loss of Rents for not more than 2 weeks during which use is prohibited.
No deductible applies to 1 or 2 above.

Additional Coverages

1. *Debris Removal*. We shall pay for reasonable debris removal expense following a covered loss. When the amount of loss plus debris removal exceeds the limit of insurance, we shall pay up to an additional 5% of the limit of insurance on the damaged property.
2. *Emergency Repairs*. We pay the cost you incur for necessary emergency repairs made solely to protect covered property from further damage if a loss covered under SECTION I - PROPERTY causes the damage. This coverage does not increase the limit of insurance applying to the property being repaired.
3. *Trees, Shrubs Plants and Lawns*. We cover trees, shrubs, plants and lawns on the residence premises for loss caused by the following insured perils:
Fire or Lightning, Explosion, Riot or Civil Commotion, Aircraft, Vehicles not owned or operated by a resident of the residence premises, Vandalism and Theft.
The limit of insurance, including debris removal, for any one loss shall not exceed 5% of the limit applying to the dwelling, nor more than \$500 for any one tree, shrub or plant. This coverage is in addition to the limit applying to the dwelling.
4. *Fire Department Service Charge*. We shall pay up to \$500 as an additional amount of insurance for service charges made by a Fire Department when called to protect covered property from an insured loss. In no event will we pay more than \$500 in charges resulting from any one service call. No deductible applies to this coverage.
5. *Emergency Removal of Property*. We pay for direct loss from any cause to covered property:
 - a. while being removed from a premises endangered by a loss covered under LOSSES INSURED, and
 - b. while removed for not more than 30 days from the date of removal.
 This coverage does not change the limit of insurance applying to the covered property.

6. *Collapse of Buildings.* We cover accidental direct physical loss to covered property in A and B if caused by collapse which occurs due to:
- Weight of ice, snow, sleet or rain which collects on a roof;
 - Weight of people, contents or equipment while on a roof.
- This coverage does not change the limit of insurance applying to the covered property.

SECTION I - LOSSES INSURED

Coverage A - Dwelling

Coverage B - Separate Structures

We insure for accidental direct physical loss to property described in Coverage A and B, except as provided in Section I Losses Not Insured.

Coverage C - Landlords Personal Property

We insure for accidental direct physical loss to property described in Coverage C, but only if caused by one or more of the following:

- Fire or lightning;
- Windstorm or hail. This does not include loss to property contained in a building if the loss is caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.
This includes loss to watercraft and their trailers, furnishings, equipment and outboard motors but only while inside a fully enclosed building.
- Explosion.
- Riot or civil commotion, including direct loss from looting;
- Aircraft.
- Vehicles.
- Smoke, if loss is sudden and accidental.
- Vandalism.
- Burglary including loss of personal property from a known location within a building or separate structure on the **residence premises** when: a. it is probable the property has been stolen and b. there is visible evidence of forcible entry to or forcible exit from that building.
- Falling objects. This does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included. This does not include loss caused by objects which fall as a result of any loss excluded under SECTION I - LOSSES NOT INSURED.
- Weight of ice, snow or sleet which causes damage to property contained in a building.
- Collapse of a dwelling or any part of a dwelling, if the collapse itself was caused by a loss not excluded under SECTION I - LOSSES NOT INSURED.
- Sudden and accidental discharge or overflow of water or steam from within a plumbing, heating or air conditioning system, or from within a household appliance, but not for deterioration, rust, mold, wet or dry rot due to the presence of water.
This does not include loss:
 - to the system or appliance from which the water or steam escaped;
 - caused by or resulting from freezing;
 - to personal property on the **residence premises** when the sudden and accidental discharge or overflow occurs away from the **residence premises**;
 - caused by sudden and accidental discharge or overflow from roof gutters, downspouts, sump-pumps, sump-pump wells, leach fields, seepage pits, septic tanks, drainage channels or any other device used to drain water away from the **residence premises**.
- Sudden and accidental tearing apart, cracking, burning or bulging of a steam, hot water or air conditioning system, or appliance for heating water.
This does not include loss caused by or resulting from freezing.



FARMERS®

15. Freezing of a plumbing, heating, air conditioning system or household appliance.
This does not include loss on the **residence premises** while the dwelling is unoccupied *unless* you have used reasonable care to:
 - a. maintain heat in the building, or
 - b. shut off the water supply and drain the system and appliance of water.
16. Sudden and accidental damage from artificially generated electrical current.
This does not include loss to a tube, transistor, microchip or similar electronic component.

SECTION I - LOSSES NOT INSURED

Applying to Coverage A and B - Dwelling and Separate Structures and Coverage C Landlords Personal Property

We do not insure for loss either consisting of, or caused directly or indirectly by:

1. Earth Movement.

Acts or omissions of **persons** can cause, contribute to or aggravate **earth movement**. Also, **earth movement** can occur naturally to cause loss, or combine with acts or omissions of **persons** to cause loss. Whenever **earth movement** occurs, the resulting loss is always excluded under this policy, however caused; except we do cover direct loss by fire or explosion resulting from **earth movement**.

The following examples are set forth to help you understand this exclusion and are not meant to be all inclusive.

EXAMPLE 1:

Rain falls on soil inadequately compacted or maintained by a builder, neighbor or you. As a result, **earth movement** occurs, causing loss to the dwelling or personal property. Such loss is not covered by this policy.

EXAMPLE 2:

Cracks occur in your dwelling or separate structure because it is built on natural or fill soil which is expansive and the dwelling or structure is not designed or constructed to withstand the soil movement. Such loss is not covered under this policy.

EXAMPLE 3:

Water leaks from a pipe which causes settling, and the settling causes loss to the dwelling, separate structure, or personal property. Such loss is not covered by this policy, regardless of the cause or causes of the water leak.

2. Water damage.

Acts or omissions of **persons** can cause, contribute to or aggravate **water damage**. Also **water damage** can occur naturally to cause loss or combine with acts or omissions of **persons** to cause loss. Whenever **water damage** occurs, the resulting loss is always excluded under this policy, however caused; except we do cover direct loss to the dwelling, separate structures, or personal property if caused by fire or explosion resulting from **water damage**.

The following examples are set forth to help you understand this exclusion and are not meant to be all-inclusive.

EXAMPLE 1:

Rain water collects on or soaks into the ground surface. Because of faulty design, construction or maintenance of the **residence premises**, your neighbor's property or **water diversion devices**, the **water** causes loss to the dwelling, separate structure, or personal property. Such loss is not covered by this policy.

EXAMPLE 2:

A pipe under your sink breaks, and **water** damages your wallpaper, carpeting and personal property. The **water** also gets under the dwelling or separate structure causing **earth movement** which results in cracking of the foundation and walls. The loss to the wallpaper, carpeting and personal property is covered, but the loss to the foundation and walls is not covered by this policy.

EXAMPLE 3:

Water which has backed up through sewers or drains, or **water** below ground level causes loss to the dwelling, separate structure or personal property. Such loss is not covered by this policy, regardless of the cause or causes of such **water damage**.

3. Nuclear Hazard.

Acts or omissions of **persons** can cause, contribute to or aggravate **nuclear hazard**. Also, **nuclear hazard** can occur naturally to cause loss, or combine with acts or omissions of **persons** to cause loss. Whenever **nuclear hazard** occurs, the resulting damage is always excluded under this policy, however caused; except we do cover direct loss by fire resulting from **nuclear hazard**.

In items 4-14 below, acts or omissions of **persons** can cause, contribute to or aggravate the losses set forth. Also, these losses could occur naturally or combine with acts or omissions of **persons**. Whenever the losses listed in items 4-14 occur, any resulting loss is always excluded, however caused, unless specifically indicated otherwise.

4. Faulty, inadequate or defective planning, zoning, development, surveying, siting, design, specifications, workmanship, construction, grading, compaction, maintenance repair materials, construction, remodeling, or maintenance of part or all of any property (including land, structures or any improvements) whether on or off the **residence premises**. However, we do cover ensuing loss by fire, explosion or sudden and accidental discharge of **water**. **Earth movement** is never covered under this policy, however caused.
5. Enforcement of any ordinance or law regulating construction, repair or demolition of a building or other structure, unless endorsed to this policy.
We do cover loss caused by order of civil authorities to prevent the spread of fire from a covered loss.
6. Interruption of power or other utility service which originates off the **residence premises**. If a covered loss ensues *on* the **residence premises** we pay only for loss caused by the ensuing loss.
7. Neglect of an **insured** to use all reasonable means to protect covered property at and after the time of loss, or when property is endangered by a covered loss under **SECTION 1 - Property Coverage**.
8. War, including undeclared war, civil war, insurrection, rebellion, revolution or warlike act by military personnel. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.
9. Freezing of and any resulting discharge, leakage or overflow from a plumbing, heating, air-conditioning system or household appliance while the dwelling is vacant or unoccupied *unless* you have used reasonable care to:
 - a. maintain heat in the building, or
 - b. shut off the **water** supply and drain the system and appliance of **water**.
10. Freezing, thawing or pressure of **water** or ice, whether wind driven or not to a fence, pavement, patio, swimming pool, foundation, retaining wall, bulkhead, pier, wharf or dock.
11. Theft in or to a dwelling, if the dwelling has been vacant for more than 30 days just before the loss. Also, we do not insure for loss caused by theft in or to a dwelling under construction, or of construction materials until the dwelling is completed and occupied.
12. Vandalism, breakage of glass and safety glazing materials if the dwelling has been vacant for more than 30 days just before the loss.
13.
 - a. wear and tear, marring, deterioration;
 - b. mechanical breakdown;
 - c. birds, insects, vermin, rodents, or domestic animals;
 - d. rust, mold, wet or dry rot;
 - e. smog, smoke from agricultural smudging or industrial operations;
 - f. release, discharge or dispersal of contaminants, pollutants, insecticides, or hazardous gasses or chemicals;
 - g. any settling, cracking, shrinking, bulging, or expansion of pavements, patios, foundations, walls, floors or ceilings;
 - h. pressure from any root system to a foundation, patio, pavement, driveway, or fence;
 - i. soil conditions, including but not limited to corrosion, erosion, chemicals, compounds, elements, suspensions or gels in the soil or the formation of crystals in the soil.

If any of the losses listed in a-i above cause **water** to escape suddenly and accidentally from a plumbing, heating, or air conditioning system or household appliance, we cover loss not otherwise excluded to the dwelling or separate structure caused by **water** but not for deterioration, rust, mold, wet or dry rot due to the presence of **water** over a period of time. If loss is caused by **water** or steam not otherwise excluded, we will cover the cost of tearing out and replacing any part of the dwelling or separate structure necessary to repair the system or appliance. We do not cover the system or appliance from which the **water** or steam escaped.

If any of the losses listed in a-i above cause a fire or explosion, we cover direct loss by such fire or explosion.



FARMERS®

14. *Collapse*, other than as provided in item 6. under Additional Coverages.

SECTION I - CONDITIONS

1. *Insurable Interest and Limit of Insurance.*

Even if more than one **person** has an insurable interest in the covered property, we pay the smallest of the following amounts.

- a. an amount equal to the **insured's** interest, or
- b. the applicable limit of insurance.

2. *Your Duties After Loss.*

If a loss occurs, you will perform the following duties:

- a. give written notice to us or our agent without unnecessary delay. In case of theft, also notify the police.
- b. protect the property from further damage. Make any emergency repairs needed to protect the property from further damage. Keep records of repair costs.
- c. make a list of all damaged or destroyed personal property showing in detail the quantity, description, **actual cash value** and amount of loss. Attach all bills, receipts and related records that support your claim.
- d. as often as we reasonably require:
 - (1) exhibit damaged property.
 - (2) provide us with records and documents we may request, including banking or other financial records, if obtainable, and permit us to make copies.
 - (3) submit to examination under oath and sign a transcript of same.
- e. send us within 60 days after our request your signed sworn statement showing:
 - (1) time and cause of loss,
 - (2) interest of the **insured** and all others in the property involved,
 - (3) all legal claims against the property involved,
 - (4) other insurance which may cover the loss,
 - (5) changes in title or occupancy of the property during the term of the policy,
 - (6) specifications and detailed repair estimates of any damaged building,
 - (7) a list of damaged or destroyed personal property described in 2c,
 - (8) receipts and records that support loss of rents,

3. *Loss Settlement.*

Buildings

Covered loss to Buildings under Coverage A and B will be settled by one of the following methods;

(1) **Actual Cash Value**

If you do not repair or replace at the same location shown in the Declarations the damaged or destroyed dwelling or separate structure, we will pay the smallest of the following:

- (a) the limit of insurance applying to the damaged or destroyed dwelling or separate structure.
- (b) the **actual cash value** of the damaged or destroyed dwelling or separate structure.

You may make a claim for an additional amount within 180 days after the loss on a replacement cost basis if the property has been repaired or replaced.

(2) **Replacement Cost.** If you repair or replace at the same location shown in the Declarations the damaged or destroyed dwelling or separate structure, we will pay without deduction for depreciation the smallest of the following amounts;

- (a) the limit of insurance under this policy that applies to the damaged or destroyed dwelling or separate structure;
- (b) the replacement cost of that part of the dwelling or separate structure damaged with equivalent construction and for use on the same premises.
- (c) the amount actually needed and spent to repair or replace the dwelling or separate structure intended for the same occupancy and use. However, if the cost to repair or replace is more than \$1,000 or more than 5% of the limit of insurance on the damaged or destroyed building, whichever is less, we will pay no more than the **actual cash value** until repair or replacement is completed.

Property Other Than Buildings.

Covered loss to the following types of property will be settled at **Actual Cash Value**:

- (1) Personal property and structures that are not considered buildings.
- (2) Carpeting, including wall-to-wall carpeting, domestic appliances, awnings, outdoor equipment and antennas, all whether or not attached to buildings.

Payment will not exceed the amount actually needed to repair or replace the damaged property, or the limit of insurance applying to the property, whichever is less.

4. *Value Protection Clause.* We may increase the limit of insurance applying to Coverage A, B, C and D to reflect changes in costs of construction and personal property values. Any such increase will be made on the renewal date of this policy, or on the anniversary date of 3-year policies paid annually.
5. *Other Insurance.* If this and other insurance both apply to the same loss, we will pay our share. Our share will be the amount that this insurance bears to the total limit of all insurance applying to the loss, collectible or not.
6. *Deductible Clause.* We pay for loss to covered property less the Deductible amount shown in the Declarations. The deductible shown applies separately to each loss.
7. *Loss to a Pair or Set.* We may elect to:
 - a. repair or replace any part of the pair or set to restore it to its value before the loss, or
 - b. pay the difference between the **actual cash value** of the property before and after the loss.

Loss to a part does not mean a total loss of the pair or set.
8. *Glass Replacement.* Glass damage caused by a loss covered under LOSSES INSURED will be replaced with safety glazing materials when required by law.
9. *Appraisal.* If you and we fail to agree on the amount of loss, either one may make a written demand for appraisal. Each party will choose an able and impartial appraiser and notify the other of the appraiser's name within 20 days after the demand is received. The appraisers will choose an impartial umpire. If the appraisers cannot agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the state where the **residence premises** is located to choose an umpire.

The appraisers will then set the amount of loss. If the appraisers submit a written agreement to us, the agreed amount will be the amount of loss. If the appraisers cannot agree, they will submit their differences to the umpire. A written agreement signed by any two will set the amount of loss.

Each party will pay the appraiser it chooses. The umpire and all other expenses of the appraisal will be paid equally by you and us.
10. *Permission Granted.*
 - a. The **residence premises** may be vacant or unoccupied without limit of time, except where this policy states otherwise.
 - b. You may make alterations, additions and repairs to the **residence premises** and complete structures under construction.
11. *Intentional Acts.* If any insured directly causes or arranges for a loss to covered property in order to obtain insurance benefits, this policy is void. We will not pay you or any other insured for this loss.
12. *Suit Against Us.* We may not be sued unless there has been full compliance with all the terms and conditions of this policy. Suit on or arising out of this policy must be brought within one year after the loss occurs.
13. *Our Options.* We may repair or replace the damaged property with equivalent property. We may also take all or part of the damaged property at the agreed or appraised value. We shall give you written notice of our intention within 30 days after receipt of your signed sworn statement of loss.
14. *Loss Payment.* We will adjust all losses with you. We will pay you unless another payee is named in the policy. We will pay within 60 days after:
 - a. we reach agreement with you, or
 - b. a court judgment, or
 - c. an appraisal award.

A loss payment will not reduce the applicable limit of insurance.
15. *Abandoned Property.* We need not accept property abandoned by an insured.



FARMERS®

16. **Mortgage Clause.** The word "mortgagee" includes trustee or loss payee. If a mortgagee is named in this policy, a covered loss will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of the mortgagees. If we deny your claim, such denial will not apply to a mortgagee's valid claim if the mortgagee:
- knows and notifies us of any change of ownership, occupancy or substantial change in risk.
 - pays on demand any premium due if you have failed to do so.
 - submits a signed, sworn statement of loss within 60 days after we notify the mortgagee of your failure to do so.
- Policy conditions relating to *Other Insurance, Appraisal, Suit Against Us and Loss Payment* apply to the mortgagee. We will give the mortgagee 10 days notice before cancelling this policy. If we pay the mortgagee for any loss and deny payment to you:
- we have right of recovery against any party responsible for the loss, or
 - at our option, we may pay off the entire mortgage debt to the mortgagee. In this event, we receive full transfer of the mortgage.
- A mortgagee's claim will not be impaired by transfer of a right of recovery.
17. **No Benefit to Bailee.** This insurance will not benefit any person or organization who may be caring for or handling property for a fee.

SECTION II - LIABILITY

Coverages

Coverage E - Business Liability

We shall pay all damages from an **occurrence** which an **insured** is legally liable to pay because of **bodily injury, personal injury or property damage** arising out of the ownership, maintenance, or use of the **insured location** covered by this policy.

At our expense and with attorneys of our choice, we defend an **insured** against any covered claim or suit. We may not be obligated to pay defense costs, including attorneys' fees of any claim or suit where you select an attorney not chosen by us because there is a dispute between you and us over coverage. We may investigate and settle any claim or suit that we consider proper. Our obligation to defend any claim or suit ends once we have paid our limit of liability.

Coverage F - Medical Payments To Others

We shall pay the necessary medical expenses incurred by a **person** other than an **insured** within three years from the date of an **occurrence** causing **bodily injury**. Medical expenses means reasonable charges for medical, surgical, x-ray and dental services, prosthetic devices, eyeglasses, hearing aids, pharmaceuticals, ambulance, hospital, licensed nursing and funeral services.

Limitations - This coverage applies only if **bodily injury**:

- arises from a condition on the **insured location**, and
- arises from an **occurrence** for which an **insured** is covered under this policy.

This coverage does not apply to **persons** injured as a result of their intentional acts.

Additional Coverages

In addition to the limits of liability we pay the following:

1. *Claim Expenses.*

We pay:

- all costs we incur in the settlement of a claim or defense of a suit with attorneys of our choice.
- premiums on bonds required in a suit we defend, but not for bond amounts greater than the Coverage E limit of liability. We are not obligated to apply for or furnish a bond.
- reasonable expenses incurred by an **insured** at our request to help us investigate or defend a claim or suit. These include loss of earnings (but not other income) of up to \$60 per day.
- interest after entry of judgment on any amount that does not exceed our limit of liability.

2. *First Aid Expenses.* We pay necessary first aid expenses incurred by an **insured** at the time of an **occurrence** for **bodily injury** to others covered by this policy. We do not pay for first aid to you or any other **insured**.

SECTION II - EXCLUSIONS**Applying To Coverage E - Business Liability**

We do not cover:

1. Liability of an **insured** assumed under any contract or agreement, or any contract or agreement in conjunction with any **business** of the **insured** other than the rental or holding for rental of the **insured location**. Liability of **persons** other than an **insured** assumed under any contract or agreement, whether **business** or non-business, is not covered. Liability of any agreement between an **insured** and a corporation or association of property owners is not covered.
2. Punitive or exemplary damages or the cost of defense related to such damages.
3. **Property damage** to property owned by an **insured**.
4. **Property damage** to non-owned property in the care, custody or control of an **insured**.
5. **Bodily injury** or **personal injury** to any **person** if an **insured** has or is required to have a policy providing workers' compensation, occupational disease or non-occupational disability benefits covering the **bodily injury** or **personal injury**.
6. **Bodily injury, personal injury** or **property damage** when an **insured** is covered under any nuclear energy liability policy. This exclusion applies even if the limits of that policy have been exhausted.
7. **Personal injury** caused by a violation of penal law or ordinance committed by or with the knowledge or consent of any **insured**.
8. **Personal injury** sustained by any **person** as a result of an offense directly or indirectly related to the employment of this **person** by the **insured**.
9. **Personal injury** caused by a written or spoken statement that is first made by any **insured** prior to the effective date of this policy.
10. **Personal injury** caused by a written or spoken statement made at your direction if you know it is false.
11. Any loss, cost, or expense resulting from the clean-up, detoxification, or treatment of any site used by you, a tenant, or any **person** acting on your behalf for the disposal, storage, handling, processing or treatment of waste.

Applying To Coverage F - Medical Payments to Others

We do not cover **bodily injury**:

1. To any person eligible to receive benefits provided or mandated under any workers' compensation, occupational disease or non-occupational disability law.
2. To any **person** regularly residing on the **residence premises** or to any employee of the **insured** if the **bodily injury** arises from employment by the **insured**.
3. To any tenant if the **bodily injury** occurs on the part of the **residence premises** rented from the **insured**.
4. To any employee of any tenant if the **bodily injury** arises from employment by the tenant.
5. To any **person** while engaged in maintenance, alteration, demolition or new construction at the **insured location**.
6. Resulting from any **nuclear hazard**.

Applying To Coverage E and F - Business Liability and Medical Payments To Others

We do not cover **bodily injury, personal injury** or **property damage** which:

1. arises from or during the course of **business** pursuits of an **insured** other than the rental of the **insured location**.
2. results from the rendering or failure to render professional services.
3. is either:
 - a. caused intentionally by or at the direction of an **insured**; or
 - b. results from any occurrence caused by an intentional act of any **insured** where the results are reasonably foreseeable.



FARMERS®

4. an **insured** may be liable as a result of:
 - a. contributing to or causing the intoxication of a **person**.
 - b. the furnishing of alcoholic beverages to any **person** under the legal drinking age.
 - c. any statute, ordinance, or regulation relating to the sale, gift, distribution, or use of alcoholic beverages.

This exclusion applies only if any **insured** is in the **business** of manufacturing, distributing, selling, servicing, or furnishing alcoholic beverages.
5. results from an existing condition on an uninsured location owned by an **insured** other than the rental or holding for rental of the **insured location**.
6. results from the ownership, maintenance, use, loading or unloading of:
 - a. **aircraft**
 - b. **motor vehicles**
 - c. jet skis and jet sleds or
 - d. any other watercraft owned or rented to an **insured**.
7. results from the entrustment of any **aircraft, motor vehicles, jet skis, or jet sleds** to any **person**. Entrustment means the permission you give to any **person** other than you to use any personal **aircraft, motor vehicles, jet skis, or jet sleds** owned or controlled by you.
8. results from the entrustment of watercraft described in 7d above.
9. is caused directly or indirectly by war, including undeclared war, civil war, insurrection, rebellion, revolution, or warlike act by military personnel. Discharge of a nuclear weapon, whether or not accidental, is deemed a warlike act.
10. arises out of the sale or transfer of real property including but not limited to the following:
 - a. known or unknown property or structural defects;
 - b. known or hidden defects in the plumbing, heating, and electrical systems.
 - c. known or unknown soil conditions or drainage problems;
 - d. concealment or misrepresentation of any known defects.
11. arises out of any claim pertaining to the **insured location** which involves any agreement between any **insured** and a corporation or association of property owners.

SECTION II - CONDITIONS

1. *Limit of Liability.* The Limit of liability shown in the Declarations for Coverage E is the **Annual Aggregate Limit**. This is the most we will pay for all **occurrences** in each 12 month policy period regardless of the number of:
 - a. **insureds**;
 - b. claims made or suits brought; or
 - c. **persons** making claims or bringing suits.

Subject to the **Annual Aggregate Limit**, the most we will pay under Coverage F for all medical expenses for **bodily injury** to one **person** in any one **occurrence** is the amount shown in the Declarations.

The amount of the **Annual Aggregate Limit** is the same as the per **occurrence** limit of Business Liability as shown on the Declarations Page.

The **Annual Aggregate Limit** will be reinstated at each annual or anniversary date of this policy.
2. *Separate Insurance.* This insurance applies separately to each **insured**. This Condition does not increase our limit of liability for any one 12 month period.
3. *Duties After Loss.* In case of an **occurrence** the **insured** will perform the following duties:
 - a. give written notice to us or our agent as soon as possible stating:
 - (1) the policy number and name of **insured**.
 - (2) the time, place and circumstances of the **occurrence**.
 - (3) names and addresses of claimants and witnesses.
 - b. promptly send us any legal papers received relating to a claim or suit.
 - c. cooperate with and assist us in any matter relating to a claim or suit.
 - d. the **insured** will not, except at the **insured's** own cost, voluntarily make any payment, assume any obligation or incur any expense except First Aid Expenses.

4. *Duties of an Injured Person - Coverage F - Medical Payments to Others.* The injured **person** or someone acting on behalf of the injured **person** will:
 - a. give us written proof of claim as soon as possible, under oath if required.
 - b. authorize us to obtain medical records and reports.
 The injured **person** will submit to physical examination by a doctor we choose as often as we reasonably require.
 5. *Payment of Claim - Coverage F - Medical Payments to Others.* Payment under this coverage is not an admission of liability by an **insured** or us.
 6. *Suit Against Us.* We may not be sued unless there has been full compliance with the terms of this policy. No one has any right to make us a party to a suit to determine the liability of a **person** we insure. We may not be sued under Coverage E - Business Liability until the obligation of the **insured** has been determined by final judgment or agreement signed by us.
 7. *Bankruptcy of an Insured.* Bankruptcy or insolvency of an **insured** will not relieve us of our duties under this policy.
 8. *Other Insurance - Coverage E - Business Liability.* This insurance is excess over any other valid and collectible insurance. But if other insurance is specifically written as excess coverage over this policy, the limit of this policy applies first.
- If other insurance is written by us, only the highest limit of any one policy applies to the loss.

GENERAL CONDITIONS

Applying To The Entire Policy

1. *Entire Contract.* This policy, the Declarations and any endorsements include all the agreements between you and us relating to this insurance.
 2. *Policy Period.* This policy applies only to loss under Section I or **bodily injury, personal injury or property damage** under Section II which occurs during the policy period as shown in the Declarations.
 3. *Concealment or Fraud.* This entire policy is void if any **insured** has knowingly and willfully concealed or misrepresented any material fact or circumstance relating to this insurance before or after the loss.
 4. *Coverage Changes.* We may change this policy or replace it to conform to coverage currently in use. If we broaden coverages without charge during or within 60 days prior to the policy period, the broadened coverage will apply immediately. If we restrict any coverages, these restrictions will not apply until the next renewal date. The change or new policy will be delivered to you or mailed to you at your mailing address shown on the Declarations at least 30 days before its effective date.
- No other change or waiver in this policy is valid except by endorsement, new Declarations, or new policy issued by us.
- If a premium adjustment is necessary, we will make the adjustment as of the effective date of the change.
5. *Cancellation.*
 - a. You may cancel this policy by:
 - (1) returning it to us, or
 - (2) notifying us in writing when cancellation is to take effect.
 - b. We may cancel this policy by mailing or delivering written notice to you, or your representative. Such notice will be mailed or delivered to the last address known to us. The mailing of it will be sufficient proof of notice.

Cancellation Reasons

We may cancel this policy only for the following reasons:

- (1) Non-payment of premium, whether payable to us or our agent. We may cancel at any time by notifying you at least 10 days before the date cancellation takes effect.
 - (2) Any reason, when this policy has been in effect for less than 60 days is not a renewal with us. We will notify you at least 10 days before the date cancellation takes effect.
 - (3) Fraud, concealment, material misrepresentation of fact or substantial change in risk, when this policy has been in effect for 60 days or more or at any time if a renewal with us. We shall notify you at least 31 days before the cancellation takes effect.
- We shall notify you in writing when cancellation takes effect. This cancellation notice may be delivered to you or mailed to you at your mailing address shown in the Declarations. The mailing of it will be sufficient proof of notice.



FARMERS®

c. Return of Premium:

If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we shall refund it within a reasonable time after the date cancellation takes effect.

- (1) If you cancel this policy, we shall return the short rate unused share of the premium.
- (2) If we cancel this policy, we will return the prorated unused share of the premium.

6. Non-Renewal.

We may elect:

- a. not to renew this policy; or
- b. to condition its renewal on a reduction of limits or a reduction or elimination of coverages.

We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. The mailing of it will be sufficient proof of notice.

If this policy is written for a period of less than one year we agree not to refuse to renew except at the end of an annual period beginning with the original or renewal effective date.

7. Assignment. Your interest in this policy may not be transferred to another person without our written consent. If you should die, we cover:

- a. your legal representative, but only with respect to your premises and property covered under the policy at the time of death.
- b. any person having proper custody of your insured property until a legal representative is appointed.

8. Subrogation. An insured may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us. If we seek an assignment, an insured will help us to secure these rights and do nothing to impair them. Subrogation does not apply under Section II to Medical Payments to Others.

9. Conflict of Terms. If there are terms of this policy which conflict with laws of the state where issued, the terms are amended to conform to such laws.

10. Policy Fees. (Applies only if policy is issued in Mid-Century Insurance Company.) If you pay a Policy Fee it is fully earned when the policy is issued. It is not part of the premium. It is not returnable. However, you may apply it as a credit toward policy fees required for other insurance accepted by us.

RECIPROCAL PROVISIONS**(Applicable Only If This Policy Is Issued By The Fire Insurance Exchange)**

This policy is made and accepted in consideration of your premium payment to us. It is also in consideration of the power of attorney you signed as part of your application and the information you gave to us on your application. Some of your statements actually become a part of the policy which we call "The Declarations." When you signed the power of attorney authority on your application, you authorized the Underwriters Association to execute interinsurance policies between you and other subscribers.

Nothing in this policy is intended, or shall be construed, to create either:

1. A partnership or mutual insurance association.
2. Any joint liability.

We may sue or be sued in our own name, as though we were an individual, if necessary to enforce any claims which arise under this policy. In any suit against us, service of process shall be upon the Underwriters Association, Attorney-in-Fact.

Membership fees which you pay are not part of the premium. They are fully earned when you are granted membership and coverage is effective. They are not returnable. However, they may be applied as a credit to membership fees required of you for other insurance which we agree to write.

We hold the Annual Meeting of the members of the Fire Insurance Exchange at our Home Office at Los Angeles, California, on the first Monday following the 15th day of March of each year at 10:00 a.m.

The Board of Governors may elect to change the time and place of the meeting. If they do so, you will be mailed a written or printed notice at your last known address at least ten (10) days before such a time. Otherwise, no notice will be sent to you.

The Board of Governors shall be chosen by subscribers from among yourselves. This will take place at the Annual Meeting or at any special meeting which is held for that purpose. The Board of Governors shall have full power and authority to establish such rules and regulations for our management as are not inconsistent with the subscriber's agreements.

Your premium for this policy and all payment made for its continuance shall be payable to us at our Home Office or such location named by us in your premium invoice.

The funds which you pay shall be placed to your credit on our records. They will be applied to the payment of your proportion of losses and expenses and to the establishment of reserves and general surplus. The Board of Governors or its Executive Committee has the authority to deposit, withdraw, invest, and reinvest such funds. You agree that any amount which the Board of Governors allocates to our surplus fund may be retained by us. Also, after provision is made for all of our liabilities, it may be applied to any purpose deemed proper and advantageous to you and others policyholders.

This policy is non-assessable.

This policy shall not be effective unless countersigned on the Declarations Page by a duly authorized representative of the Company named on the Declarations Page.

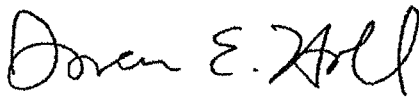
The Company named on the Declarations has caused this policy to be signed by the Officers shown below.

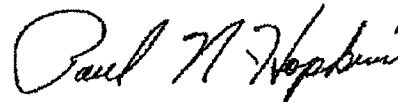
FIRE INSURANCE EXCHANGE®

by Fire Underwriters Association,
Attorney-in-Fact

MID-CENTURY INSURANCE COMPANY®

Farmers Insurance Company of Arizona
Farmers Insurance Company of Idaho
Farmers Insurance Company of Oregon
Illinois Farmers Insurance Company
Farmers Insurance Company, Inc.
Farmers Insurance Company of Columbus, Inc.
Farmers Insurance Company of Washington


Secretary


Vice President



FARMERS®

**ENDORSEMENT AMENDING DEFINITIONS, SECTION I - LOSSES INSURED
AND SECTION I - LOSSES NOT INSURED**

H6205
1st Edition

Under **DEFINITIONS**, item 19. **Water** is deleted in its entirety and replaced by the following:

19. **Water** - means water (H₂O) alone, whether frozen or not or any liquid or sludge which contains water, whether or not combined with other chemicals or impurities. It includes, but is not limited to, snow, sleet, slush, ice, dampness, vapor, condensation, moisture, steam and humidity.

Under **DEFINITIONS**, item 20. **Water damage**, the following paragraph is added:

- (e) water which seeps, leaks, drips, escapes or is released out of any plumbing, heating or air conditioning system, or from within a household appliance, other than a sudden and accidental release of water.

Under **SECTION I - LOSSES INSURED, Coverage C - Landlords Personal Property**, item 13. is deleted in its entirety and replaced by the following:

13. Sudden and accidental discharge or overflow of water from within a plumbing, heating or air conditioning system, or from within a household appliance.

This peril does not include loss:

- a. to the system or appliance from which the water escaped;
- b. caused by or resulting from freezing;
- c. to personal property on the residence premises when the sudden and accidental discharge or overflow occurs away from the residence premises;
- d. caused by sudden and accidental discharge or overflow from roof gutters, downspouts, sump-pumps, sump-pump wells, leach fields, seepage pits, septic tanks, drainage channels or any other device used to drain water away from the residence premises.

Under **SECTION I - LOSSES NOT INSURED**, item 2. **Water damage** is deleted in its entirety and replaced by the following:

2. Water Damage.

Acts or omissions of persons can cause, contribute to or aggravate water damage. Also water damage can occur naturally to cause loss or combine with acts or omissions of persons to cause loss. Whenever water damage occurs, the resulting loss is always excluded under this policy, however caused; except we do cover:

1. Direct physical loss to the dwelling or separate structures caused by water damage resulting from build-up of ice on portions of the roof or roof gutters.
2. Loss or damage to the interior of any dwelling or separate structures, or to personal property inside the dwelling or separate structures caused by water damage if the dwelling or separate structures first sustain loss or damage caused by a peril described under **SECTION I - LOSSES INSURED - Coverage - C - Landlords Personal Property**.
3. Direct loss to the dwelling or separate structures or personal property if caused by fire or explosion resulting from water damage.

We never, under any circumstances, cover rust, mold, fungus, or wet or dry rot, even if resulting from exceptions 1, 2, or 3 above.

The following examples are set forth to help you understand this exclusion and are not meant to be all-inclusive.

EXAMPLE 1:

Rain water collects on or soaks into the ground surface. Because of faulty design, construction or maintenance of the **residence premises**, your neighbor's property or water diversion devices, the water causes loss to the dwelling, separate structures, or personal property. Such loss is not covered by this policy.

EXAMPLE 2:

A pipe under your sink breaks suddenly and accidentally, and water damages your wallpaper, wall-to-wall carpeting and **landlord's personal property**. The water also gets under the dwelling or separate structures causing **earth movement** which results in cracking of the foundation and walls. The loss to the wallpaper, wall-to-wall carpeting and **landlord's personal property** is covered, but the loss to the foundation and walls is not covered by this policy

EXAMPLE 3:

Water which has backed up through sewers or drains, or water below ground level causes loss to the dwelling, separate structures or personal property. Such loss is not covered by this policy, regardless of the cause or causes of such **water damage**.

Under **SECTION I - LOSSES NOT INSURED**, item 4. is deleted in its entirety and replaced with the following:

4. Faulty, inadequate or defective planning, zoning, development, surveying, siting, design, specifications, workmanship, construction, grading, compaction, maintenance, repairs, or materials, whether used in construction, remodeling, maintenance or repair of part of or all of any property (including land, structures or any improvements) whether on or off the **residence premises**. However, we do cover ensuing loss by fire, explosion or sudden and accidental discharge of water. **Earth movement**, rust, mold, fungus, or wet or dry rot are never covered under this policy, however caused.

Under **SECTION I - LOSSES NOT INSURED**, item 13. is deleted in its entirety and replaced by the following:

13.

- a. wear and tear, marring, deterioration;
- b. mechanical breakdown;
- c. birds, insects, vermin, rodents, or domestic animals;
- d. smog, smoke from agricultural smudging or industrial operations;
- e. release, discharge or dispersal of contaminants, pollutants, insecticides, or hazardous gasses or chemicals;
- f. any settling, cracking, shrinking, bulging, or expansion of pavements, patios, foundations, walls, floors, roofs or ceilings;
- g. pressure from or presence of (1) any trees, shrubs, plants or lawn, or (2) any root system from any trees, shrubs, plants or lawn;
- h. soil conditions, including but not limited to corrosion, erosion, chemicals, compounds, elements, suspensions or gels in the soil or the formation of crystals in the soil.

If any of the perils listed in a-h above cause water to escape suddenly and accidentally from a plumbing, heating, or air conditioning system or household appliance, we cover loss not otherwise excluded to the dwelling or separate structure caused by water. If loss is caused by water not otherwise excluded, we will cover the cost of tearing out and replacing any part of the dwelling or separate structure necessary to repair the system or appliance. We do not cover the system or appliance from which the water escaped.

If any of the perils listed in a-h above cause a fire or explosion, we cover direct loss by such fire or explosion.

Earth Movement is never covered under this policy, however caused.



FARMERS®

Under **SECTION I - LOSSES NOT INSURED**, the following item, item 15. Rust, mold, fungus, or wet or dry rot, is added:

15. Rust, mold, fungus, or wet or dry rot.

Acts or omissions of persons can cause, contribute to or aggravate rust, mold, fungus, or wet or dry rot. Also, rust, mold, fungus, or wet or dry rot can occur naturally to cause a loss or combine with acts or omissions of persons to cause loss. Whenever rust, mold, fungus, or wet or dry rot occurs, the rust, mold, fungus, or wet or dry rot and any resulting loss is always excluded under this policy, however caused.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

**THIS PAGE LEFT
INTENTIONALLY BLANK.**



FARMERS®

**ENDORSEMENT AMENDING DEBRIS REMOVAL
COVERAGE AND POLLUTION EXCLUSION -
LANDLORD'S PROTECTOR POLICY**

E6022
1st Edition

When this endorsement is attached to your policy the following provisions apply:

SECTION I - PROPERTY - ADDITIONAL COVERAGES

1. *Debris Removal* is deleted and replaced with the following:

1. *Debris Removal*. We will pay your reasonable expenses to remove debris caused by a covered loss to covered property under SECTION I - PROPERTY. However, we will not pay any expenses incurred by you or anyone acting on your behalf to:

- a. extract pollutants from land or water; or
- b. remove, restore or replace polluted land or water.

If the amount of loss, including debris removal expense exceeds the limit of insurance, we will pay up to an additional 5% of the limit of insurance on the damaged property.

SECTION II - LIABILITY EXCLUSIONS

Item 11 under SECTION II - EXCLUSIONS - Applying to Coverage E - Business Liability is deleted and replaced with the following:

11. A. We do not cover **bodily injury** or **property damage** resulting from the actual, alleged or threatened discharge, dispersal, seepage, release, migration or escape of **pollutants**:

- (1) at or from the **Insured location**;
- (2) at or from any premises, site or location which is or was at any time owned or occupied by or rented or loaned to you or any **Insured**;
- (3) at or from any premises, site or location which is or was at any time used by or for you or any **person** acting on your behalf for the handling, storage, disposal, processing or treatment of any **pollutant**;
- (4) which are or were at any time transported, handled, stored, treated, disposed of or processed as waste by or for you or any **person** or organization for whom you may be legally responsible; or
- (5) at or from any premises, site or location on which you or any **person** or organization acting directly or indirectly on your behalf are performing operations to:
 - (a) transport any **pollutant** on or to any site or location used for the disposal, storage, handling, processing or treatment of **pollutants**; or
 - (b) test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **pollutants**.

B. We do not cover any loss, cost or expense arising out of any:

- 1. Request, demand, or order that any **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**;
- 2. Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of **pollutants**.

Pollutant or pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste materials. Waste materials include materials which are intended to be or have been recycled, reconditioned or reclaimed.

Pollutant or pollutants does not mean smoke, soot or fumes from a fire caused by one or more of the Section I - Losses Insured.

Item 12 is added as follows:

12. We do not cover any claim or suit for actual, alleged, threatened or feared **bodily injury** or **property damage** for which you or any **Insured** may be held legally liable because of actual, alleged, threatened or feared **bodily injury** or **property damage** resulting from lead or lead poisoning.

Lead poisoning includes, but is not limited to:

- a. actual **bodily injury** resulting from sudden, accidental, deliberate, or repeated exposure to lead or products, objects or substances comprised of or containing lead.

b. ingestion of lead in any form or substance, whether accidental or deliberate.

We have no duty or obligation to defend any claim or suit, whether or not false or fraudulent, for any actual, alleged, threatened or feared **bodily injury** or **property damage** resulting from lead or lead poisoning.

For purposes of this endorsement, the definition of **bodily injury** is amended to include mental injury, anguish, distress, or fear of **bodily injury** which may be alleged to be caused by lead poisoning, accidental or repeated exposure to lead and products or substances which include lead, or just the mere presence of lead on the **insured location** in any form, substance, or object.

The definition of **property damage** is amended to include actual, threatened or alleged loss of value of the **insured location**, property on the **insured location**, or loss of equity, loss of rents, loss of use or feared or actual economic injury caused by the presence of lead on the **insured location**.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.



FARMERS®

**ENDORSEMENT
AMENDING SECTION II - EXCLUSIONS**

E4042
1st Edition

Under **SECTION II - EXCLUSIONS - Applying To Coverage E and F - Business Liability and Medical Payments to Others**, the following item, Exclusion 12., is added:

12. arises out of, results from, is caused by, is contributed to, or is aggravated by, whether directly or indirectly, rust, mold, fungus, or wet or dry rot.

This includes:

- (a) the cost of testing, monitoring, abating, mitigating, removing, remediating or disposing of rust, mold, fungus, or wet or dry rot;
- (b) any supervision, instruction, disclosures, or failures to disclose, recommendations, warnings, or advice given, or which allegedly should have been given, in connection with **bodily injury, property damage or personal injury** arising out of, resulting from, caused by, contributed to, or aggravated by, whether directly or indirectly, rust, mold, fungus, or wet or dry rot, or the activities described in Exclusion 12., Subpart(a) above; and
- (c) any obligation to share with or repay another who must pay damages because of injury or damage of the type described in Exclusion 12. This applies regardless of any other cause that contributed, directly or indirectly, concurrently or in any sequence to the **bodily injury, property damage or personal injury**.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

Keep with your policy showing the same policy number as this endorsement.

BUILDING ORDINANCE OR LAW COVERAGE ENDORSEMENT

E6044
2nd Edition

Effective
Date: 03-08-2006

66 19 366	92903-99-54
Agent	Policy Number of the Company designated in the Declarations

Under Section I - Property, Losses Not Insured or Losses Not Covered, the following exclusion is deleted:

Enforcement of any ordinance or law regulating construction, repair or demolition of a building or other structure, unless endorsed on this policy.

Under Section I - Property, Additional Coverages, the following coverage is added:

Building Ordinance or Law Coverage

1. Our limit of liability for this coverage will not be more than 10% of the total limit of insurance applying to the covered property under Coverage A - Dwelling or Coverage B - Separate Structures, shown in the declarations or premium notice, whichever is most recent at the time of loss. This endorsement applies to all coverages whether in the policy contract or subsequently added by endorsement.
 - a. If there is a covered loss and you decide not to repair or replace the damaged building, we shall pay the actual cash value not to exceed the limits of insurance that apply to the damaged portion of the building. You have the option of making a claim within 180 days after the date of the loss for any additional payment on a repair cost basis if you repair or replace the damaged building.
 - b. This coverage does not increase the limit of insurance applying to the covered property under Coverage A - Dwelling or Coverage B - Separate Structures.
2. We will pay for the costs you actually and necessarily incur up to the applicable Building Ordinance or Law Limit of Insurance in making any change to the undamaged portion of the building or separate structure when such change is required to comply with an ordinance or law which is in force at the time of the construction, demolition, renovation, repair or replacement of the damaged property caused by a covered accidental direct physical loss.
3. We will pay for the increased costs you incur due to the enforcement of any ordinance or law in force at the time which requires or regulates:
 - a. The construction, demolition, remodeling, renovation, repair, or replacement of that part of a covered building or other structure damaged by a covered accidental direct physical loss.
 - b. The demolition and reconstruction of the undamaged part of a covered building or other structure which must be totally demolished due to damage caused by a covered accidental direct physical loss to another part of the covered building or other structure.
 - c. The remodeling, renovation, or replacement of the undamaged part of a covered building or other structure necessary to complete the remodeling, renovation, or replacement of that part of the covered building or other structure damaged by a covered accidental physical loss.
 - d. The legally required modifications to any undamaged portion of the structure which are caused by the enforcement of any building ordinance or law, zoning or land use ordinance if the law enforcement is directly caused by a covered accidental physical loss.
4. We do not cover:
 - a. the loss in value to any covered building or other structures due to the requirements of any ordinance; or
 - b. the cost to repair, replace, rebuild, stabilize or otherwise restore land.
 - c. the costs to comply with any ordinance or law which requires an insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of pollutants on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste.

Waste includes materials to be recycled, reconditioned or reclaimed.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.



FARMERS®

**ENDORSEMENT AMENDING
THE DEFINITION OF PERSONAL INJURY
(Landlords Protector Package)**

E6074
1st Edition

It is agreed that the definition of **personal injury** under the "Definitions" section of your policy is amended as follows:

Under **Personal Injury**, item b. is deleted and replaced with the following:

- b. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a **person** occupies when committed by or on behalf of its owner, landlord or lessor.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

91-6074 1ST EDITION 9-95

B-97

E6074101

ENDORSEMENT AMENDING NON-RENEWAL

E0045
1st Edition

The non-renewal provision in this policy is amended as follows:

If we non-renew this policy we will mail or deliver written notice to you at least 45 days before the expiration date of this policy.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

91-0045 1ST EDITION 8-88

B-97

E0045101

**ENDORSEMENT DELETING THE PUNITIVE OR
EXEMPLARY DAMAGES EXCLUSION**

s6602
TENNESSEE
1st Edition

It is agreed that the "Punitive or exemplary damages" exclusion applying to Business Liability is deleted from this policy.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

90-6602 1ST EDITION 7-88

B-97

S6602101

TERRORISM INSURANCE COVERAGE

J6195
2nd Edition

You should know that as part of the Terrorism Risk Insurance Act of 2002, coverage for certified acts of terrorism is part of the coverage under your policy. Coverage provided by this policy for losses caused by certified acts of terrorism is partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses that exceed the statutorily established deductible paid by the insurance company providing the coverage.

The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The premium charge for this coverage is \$10.00 and does not include any charges for the portion of loss covered by the federal government under the Act.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

93-6195 2ND EDITION 8-03

J6195201



FARMERS®

Fair Credit Reporting Act Notice

Dear Valued Customer:

Thank you for choosing Farmers® for your insurance needs. We appreciate your business and want to keep you informed of actions concerning your policy.

We are writing to inform you that while you may have received a discount on your insurance, we were unable to provide you with the best discount. In this situation, we are required to send you this "adverse action notice," in accordance with the federal Fair Credit Reporting Act.

Our decision was based on a risk assessment indicator (sometimes called an "insurance score") that was derived from information in a credit report. Listed below are the four primary reasons for the risk assessment indicator, which was developed from a credit report. This is only one of the factors used to determine your premium. ChoicePoint prepared the credit report we used but it did not make the decision regarding your premium and is unable to provide specific reasons why the action was taken.

You have the right to obtain a free copy of the credit report from ChoicePoint if you request it no later than 60 days after you receive this notice. Please take the time to review the report. If you find any inaccurate or incomplete information, you have the right to dispute the matter with ChoicePoint.

ChoicePoint Consumer Service Center
P.O. Box 105108
Atlanta, GA 30348-5108

You can also call ChoicePoint at (800) 456-6004 or go online to www.consumerdisclosure.com to obtain a free copy of your credit report.

If you would like more information about how Farmers uses risk assessment indicators, please visit our Web site at www.farmers.com. Select the Products and Services link. Click on either Auto or Home and select the link Questions You May Have About Risk Assessment Indicators. You are also welcome to contact your agent.

Once again, let us say we appreciate your business.

Risk Assessment Indicator for:

First Name	Middle Name	Last Name
LINDA		BROWN

Policy Number: 92903-99-54

Primary Reasons*

Number of Accounts that have been Established (-)

Number of Accounts Opened in last 24 Months (-)

Lack of Reported Information on Auto Finance Accounts (-)

Total Amount of Balances on Department Store Accounts (-)

*Your FIRE Policy.

Experience Rating Plan Disclosure Notice

Dear Valued Customer:

To more equitably distribute the cost of insurance, we utilize an experience rating plan. This notice describes those circumstances and conditions when the experience rating plan will be applied.

An additional charge will be applied based upon the number of qualified losses in the past three-year period. A qualified loss is any claim for damages arising from all causes of loss EXCEPT:

- Wind
- Hail
- Lightning
- Earthquake
- Weather-related, other than the causes mentioned above
- Losses associated with a catastrophic event, as identified by the Farmers National Catastrophe Claims Center
- Losses for which the paid amount does not exceed \$500
- Losses paid under the Residence Glass Endorsement (E6154) provided the loss does not exceed your policy deductible at the time of loss
- Additional Living Expenses (ALE) resulting from action of civil authority such as mandatory evacuation that either a.) has no other associated losses or b.) the associated losses are a result of causes that are excluded from the experience rating plan
- Medical related losses

Subrogated Claims -

A claim is subrogated when we pay the insured and then attempt to collect from the responsible party. If you pay a higher premium because of a claim that we later recover through subrogation, we will remove the surcharge and then reimburse you for the extra premium you paid because of the surcharge.

A subrogated claim could be closed because you are found to be negligent or at fault, or because you fail to cooperate with the claims representative. If this happens, a surcharge will be charged.

If you have any questions about the loss history information provided above or the experience rating plan, please call your Farmers® agent.



FARMERS®



David B. Uthe
803 MOUNT MORIAH #200
MEMPHIS TN 38117

LINDA BROWN

7671 NORTHRIDGE DR
WALLS, MS

38680-9762

**FARMERS®**

LANDLORDS PROTECTOR PACKAGE
MID-CENTURY INSURANCE COMPANY, LOS ANGELES, CALIFORNIA
A Stock Company

DECLARATIONS
HOMEOWNERS
 Replaces all prior Declarations, if any

TRANSACTION TYPE: OFFER OF RENEWAL

The Policy Period is effective (not prior to time applied for) at described residence premises.

POLICY NUMBER	FROM	TO	STANDARD TIME	POLICY EDITION
92903-99-54	03-08-2007	03-08-2008	12:00 NOON	02

ISSUING OFFICE:
 P.O. BOX 1527
 AURORA, IL 60507

This policy will continue for successive policy periods, if: (1) we elect to continue this insurance, and (2) if you pay the renewal premium for each successive policy period as required by our premiums, rules and forms then in effect.

INSURED'S NAME & MAILING ADDRESS:

LINDA BROWN

7671 NORTHRIDGE DR
 WALLS, MS
 38680-9762

LOCATION OR DESCRIPTION OF RESIDENCE PREMISES:
 (Same as mailing address unless otherwise stated.)

1783 NELSON AVE
 MEMPHIS TN
 38114 -

DESCRIPTION OF PROPERTY

YEAR OF CONSTRUCTION	CONSTRUCTION TYPE	ROOF TYPE	NUMBER OF UNITS	OCCUPANCY
1915	FRAME	ASPHALT COMPOSITION	001	NONOWN

COVERAGES - We provide insurance only for those coverages indicated by a specific limit or other notation.

SECTION I - PROPERTY				SECTION II - LIABILITY		ANNUAL PREMIUM
A - DWELLING OR MOBILE HOME	B - SEPARATE (OTHER) STRUCTURES	C - PERSONAL PROPERTY	D - LOSS OF RENTS	E - BUSINESS LIABILITY	F - MEDICAL PAY AND OTHERS	
\$153,000	\$15,300	\$7,650	COV	\$100,000 Each Occurrence	\$1,000 Each Person	\$703.86

ENDORSEMENTS

ENDORSEMENT NUMBER	EDITION NUMBER	DESCRIPTION
E0045	1ED	ENDORSEMENT AMENDING NON - RENEWAL
E4042	1ED	ENDORSEMENT AMENDING SECTION II - EXCLUSION
E6022	1ED	AMENDING DEBRIS REMOVAL COVERAGE AND POLLUTION
E6044	2ED	BUILDING ORDINANCE OR LAW COVERAGE ENDORSEMENT
E6074	1ED	AMENDING PERSONAL INJURY LANDLORD PROTECTOR
H6205	1ED	ENDORSEMENT AMENDING LOSSES NOT INSURED
S6602	1ED	ENDORSEMENT DELETING PUNITIVE OR EXEMPLARY DAMAGES EXCLUS
J6195A	2ED	TERRORISM INSURANCE COVERAGE

DISCOUNTS

--

DEDUCTIBLES

\$500 Deductible is applicable to covered losses under Coverage A, B, C.

POLICY ACTIVITY

(SUMMIT AMOUNT DUE WITH ENCLOSED INVOICE)

\$ NONE Previous Balance
 703.86 Premium
 Fees
 Payments or Credits
 \$ 703.86 Total DUE
 INSURED PAYS

ANY "TOTAL" BALANCE OR CREDIT \$7.00 OR LESS WILL BE APPLIED TO YOUR NEXT BILLING. BALANCES OVER \$7.00 ARE DUE UPON RECEIPT.

This Declarations page is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

AGENT: Steven Burger Lutcf

AGENT PHONE: (901) 758-8570 AGENT NUMBER: 66 19 301

Countersignature

Authorized Representative

Additional Premises Section II - Purpose of use is residential, unless stated otherwise.	Outboard Motor over 25 horsepower (Singly or Combined) - Section II MOTOR A: MOTOR B:
--	--

MESSAGES

ASK YOUR FARMERS AGENT ABOUT FLOOD INSURANCE.

INSURED PAYS PREMIUM.

IN THE EVENT OF A LOSS, AT ANY TIME, CALL US AT 1-800-HELPPPOINT (1-800-435-7764)

MORTGAGEE OR OTHER INTEREST: MORTGAGEE'S BILLING ADDRESS: 	ADDITIONAL MORTGAGEE OR OTHER INTEREST(S):
--	---

FARMERS[®]

POLICY NUMBER: 92903-99-54

Construction Techniques and Materials

Modern	
Vintage, Typical of Era of Home Design	X

Alarm or Sprinkler System

Local Fire/Smoke Alarm	NO
Local Electronic Burglar Alarm	NO
Central Station Burglar/Fire Alarm	NO
Full Sprinkler System	NO
Partial Sprinkler System	NO

Special Conditions

	Description	% of Total
Wall Height	8 foot	100%
	9 foot	0%
	10 foot	0%
Wall Framing	Wood	100%
	Steel	0%
	Other	0%

Kitchen Grade for this Dwelling: STANDARD

There are four possible kitchen grade categories: Economy, Standard, Custom, and Luxury. Your grade is based on the following general description:

STANDARD	- A kitchen that typically includes the following:
Standard grade kitchen items include the following 24' base cabinets with countertops; 24' wall cabinets; 1 range/oven; 1 exhaust fan; 1 refrigerator, frost-free; 1 dishwasher; 1 sink stainless steel, single bowl; 1 garbage disposal; 1 microwave oven, 1 range hood with two-speed exhaust fan.	

Number and Grade of Full Baths and Number of Half Baths in this Dwelling:

There are four possible bath grades (shown in the table at right), but we apply only the two predominant grades for any one home. The grade(s) applied to your home are based on the following general descriptions.

For more information about kitchen and bath grades, please contact your Farmers Agent.

Luxury	0
Custom	0
Standard	1
Economy	0
Half Baths	0

STANDARD	- A bath that typically includes the following:	- A bath that typically includes the following:
Bathroom with three or more of the following fixtures: 1 toilet, colored or white, floor mount with trim and tank; 1 sink, medium-range fixture; 1 vanity cabinet, with backer board; 1 ceramic tile countertop; 1 tub/shower, medium-range fixture; 1 glass tub/shower enclosure; 1 medicine cabinet with mirror.		

Additional Building Features

Additional building features that may affect estimated reconstruction cost are listed below. Items included in your dwelling are indicated by an 'X' in the first section of the table and by a number in the second section (on the following page).

Additional Furnace		Intercom System	
Air Conditioning		Jacuzzi	
Attached Carport		Metal Spiral Stairs	
Open Breezeway		Patio Cover	
Screened Breezeway		Porch, Open	X
Composite Deck		Porch, Screened	
Central Stereo System		Redwood Deck	
Central Vacuum		Solar Room	
Greenhouse		Wood Deck	
Hot Tub		Wood Spiral Staircase	

POLICY NUMBER: 92903-99-54

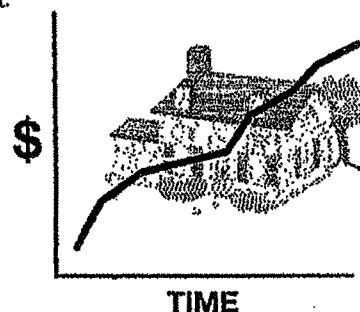
Item Description	Number	Item Description	Number
Atrium Windows	0	Picture Window	0
Bay Windows	0	Skylights	0
Exterior Shutters	0	Sliding Glass Doors	0
Fireplaces	1	Solar Panels	0
Evaporative Coolers	0	Stained Glass Windows	0
French Doors	0	Wet Bar	0

Thank you for reviewing the information this notice provides about your home. It is important because the amount of insurance coverage you choose should closely match the actual cost of rebuilding your home. Our underwriting rules for most states require that your policy have a Coverage A limit at least equal to the reconstruction cost estimate. You may choose a Coverage A limit higher than the estimate, or you have the option to reduce the limit to an amount equal to the estimate.

Reconstruction costs change over time.

Here are some things to keep in mind as you choose your Coverage A limit:

- Contact your Farmers® agent. Your agent will be glad to work with you to make sure we have all the information we need for the reconstruction cost estimate. Make sure the information we have is current and complete and tell your agent about any improvements, upgrades, or additions you've made to your home.
- Understand that reconstruction cost is not the same as market value, or what you paid for your home, or the cost of a similar new tract home. And . . . reconstruction cost changes over time, typically increasing year by year.



Additional coverages may be right for you.

You may want to ask your agent if your policy has "extended replacement cost" coverage. Under this coverage and subject to its provisions, we pay to repair or replace a loss covered under Coverage A up to 125% of the Coverage A limit. If your policy does not have this coverage, you may be able to add it for an additional premium.

Many policies have limited Building Ordinance or Law coverage to pay for additional costs that result from having to rebuild in compliance with updated building codes. You may be able to increase the amount of this coverage for additional premium. Please contact your agent to discuss availability.

If you have questions about anything in this notice or would like to discuss your coverage, please call your Farmers® agent. Thank you for choosing Farmers. We appreciate your business.



FARMERS

Dear Valued Customer:

The attached 2nd Edition J6195A replaced the 1st Edition J6195 or 1st Edition J6195A, defines the term "act of terrorism" and adds the premium charge for terrorism coverage.

If you have any questions, please call your Farmers® agent.

TERRORISM INSURANCE COVERAGE

J6195A
2nd Edition

You should know that as part of the Terrorism Risk Insurance Act of 2002, coverage for certified acts of terrorism is part of the coverage under your policy. Coverage provided by this policy for losses caused by certified acts of terrorism is partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses that exceed the statutorily established deductible paid by the insurance company providing the coverage.

The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The premium charge for this coverage is \$10.00 and does not include any charges for the portion of loss covered by the federal government under the Act.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

**THIS PAGE LEFT
INTENTIONALLY BLANK.**



FARMERS

Fair Credit Reporting Act Notice

Dear Valued Customer:

Thank you for choosing Farmers® for your insurance needs. We appreciate your business and want to keep you informed of actions concerning your policy.

We are writing to inform you that while you may have received a discount on your insurance, we were unable to provide you with the best discount. In this situation, we are required to send you this "adverse action notice," in accordance with the federal Fair Credit Reporting Act.

Our decision was based on a risk assessment indicator (sometimes called an "insurance score") that was derived from information in a credit report. Listed below are the four primary reasons for the risk assessment indicator, which was developed from a credit report. This is only one of the factors used to determine your premium. ChoicePoint prepared the credit report we used but it did not make the decision regarding your premium and is unable to provide specific reasons why the action was taken.

You have the right to obtain a free copy of the credit report from ChoicePoint if you request it no later than 60 days after you receive this notice. Please take the time to review the report. If you find any inaccurate or incomplete information, you have the right to dispute the matter with ChoicePoint.

ChoicePoint Consumer Service Center
P.O. Box 105108
Atlanta, GA 30348-5108

You can also call ChoicePoint at (800) 456-6004 or go online to www.consumerdisclosure.com to obtain a free copy of your credit report.

If you would like more information about how Farmers uses risk assessment indicators, please visit our Web site at www.farmers.com. Select the Products and Services link. Click on either Auto or Home and select the link Questions You May Have About Risk Assessment Indicators. You are also welcome to contact your agent.

Once again, let us say we appreciate your business.

Risk Assessment Indicator for:

First Name	Middle Name	Last Name
LINDA		BROWN

Policy Number: 92903-99-54

Primary Reasons*

Number of Accounts that have been Established (-)

Number of Accounts Opened in last 24 Months (-)

Lack of Reported Information on Auto Finance Accounts (-)

Total Amount of Balances on Department Store Accounts (-)

*Your FIRE Policy.

Experience Rating Disclosure Notice

Dear Valued Customer,

We use an experience rating plan that takes your loss history into account. Our plan works like this:

An additional charge will be applied based upon the number of qualified losses in the past three-year period. However, the amount of that additional charge will vary based on the number of all paid losses, whether qualified or not, within the past five-year period and the length of time you have been insured with Farmers®. An additional charge *will not* be applied for the first qualified loss when you have six or more consecutive years of loss-free experience with Farmers®.

Definition of Qualified Loss

A qualified loss is a loss paid under any policy for damages arising from all causes of loss **EXCEPT**:

- Wind, Hail, or Lightning
- Earthquake
- Losses associated with a catastrophic event, as identified by the Farmers National Catastrophe Claims Center.
- Losses for which the paid amount does not exceed \$500.
- Losses paid under the Residence Glass Endorsement (E6154) provided the loss does not exceed your policy deductible at the time of loss.
- Additional Living Expenses (ALE) paid only under Prohibited Use coverage, or similar forced evacuation provisions under any insurance policy.
- Losses paid under the Identity Fraud Expense Coverage Endorsement (H4140)
- Mine Subsidence
- Medical Payments
- Subrogated Losses*

*Subrogated Losses

A loss is subrogated when we pay the insured and then attempt to collect from the responsible party. If you pay a higher premium because of a paid loss that we later determine is eligible for subrogation, we will remove the surcharge and then reimburse you for the extra premium you may have paid because of the surcharge.

A subrogated loss could be closed because you are found to be negligent or at fault, or because you failed to cooperate with the claims representative. If this happens, a surcharge will be charged.

If you have any questions about the experience rating plan, please call your Farmers® agent.

**THOMASON, HENDRIX, HARVEY,
JOHNSON & MITCHELL, PLLC**
Lawyers

29th Floor, One Commerce Square
40 South Main Street
Memphis, Tennessee 38103-5529

Telephone (901) 525-8721
Fax (901) 531-8514

www.thomasonhendrix.com

ALBERT C. HARVEY
J. KIMBROUGH JOHNSON
JERRY E. MITCHELL
WILLIAM H. HALTOM, JR.
KEMPER B. DURAND
STEPHEN W. VESCOVO
CHERYL RUMAGE ESTES
MICHAEL L. ROBB
J. MARTIN REGAN, JR.
ELIZABETH T. COLLINS
STEPHEN C. BARTON
CHRISTOPHER L. VESCOVO
JOHN H. DOTSON

MICHAEL E. KEENEY
REHIM BABAOGLU
LARA E. BUTLER
JOSEPH M. CLARK
ANDREA N. MALKIN
MARCY DODDS MAGEE

KEVIN BASKETTE
ALLISON WANNAMAKER
JUSTIN N. JOY
ELIZABETH S. ALRUTZ
KYLE M. WIGGINS
CHRISTOPHER B. SULLIVAN
JUSTIN E. MITCHELL

CASEY SHANNON
EDD PEYTON
MARGARET F. COOPER
NAHEED RANA KHANDEKAR

Of Counsel:

THOMAS F. PRESTON
CLAIRE M. CISELL

JOHN J. THOMASON (Ret.)
ROY W. HENDRIX (Ret.)
LLOYD S. ADAMS, JR. (Ret.)
JERRED BLANCHARD (1918-1998)
JAMES F. EGGLESTON (1939-2002)

WRITER'S DIRECT DIAL 577-6138
VescovoS@THOMASONLAW.COM

March 20, 2008

Boyd A. Evans, III
Senior General Adjuster
Mid-Century Insurance Company
Farmers National Document Center
P.O. Box 268994
Oklahoma City, OK 73126-8994

RE: Insured: Jim and Linda Brown
Mid-Century Insurance Company Claim No. : 1010231764-1-1
Policy Number: 66-0929039954
Date of Loss: 5-28-2007
Your File No.: 02588-63530
Our File No: SV-50618

Dear Mr. Evans:

Please be advised that this letter serves as a formal "demand" pursuant to the terms of Tenn. Code Ann. §56-107-105(a) for full payment of that certain claim made by Jim and Linda Brown pursuant to the terms of their insurance policy with Mid-Century Insurance Company in connection with a fire loss at their property located at 1783 Nelson Avenue in Memphis, Tennessee on or about May 28, 2007. In the event the insurance benefits are not promptly paid then our clients will have no choice but to file suit and seek the statutory bad faith penalty from the insurance company in addition to their damages, including attorney fees and expenses.

If you have any questions or comments, please contact me at any time.

Sincerely,
**THOMASON, HENDRIX, HARVEY,
JOHNSON & MITCHELL, PLLC**

Stephen W. Vescovo

SWV/sjb

cc: Michael L. Mansfield
bcc: Jim and Linda Brown

